Agenda

1. Key concerns and priorities of families and financial institutions

2. Increasing tax collections - past crisis review and future outlook

3. Tax residency, mobility and tax increases: Russia, UK, France & Italy
Key concerns and priorities
# Key concerns

## Families

- Debt and liquidity
- Travel and exit planning
- Tax enforcement and government intervention
- Deoffshorization
- Business and estate succession planning
- Simplification
## Key concerns and priorities

### Financial Institutions

<table>
<thead>
<tr>
<th>Concern</th>
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<tbody>
<tr>
<td>Depressed economic conditions and market pressures</td>
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<td>ESG / impact investing / philanthropy</td>
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<td>Digitization</td>
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<td>Government enforcement and compliance measures</td>
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<td>Protectionism</td>
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<td>Shifting client focus</td>
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Increasing Collections
## Past – Financial Crisis Review

### Our Approach

<table>
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<tr>
<th>Analysis</th>
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<tbody>
<tr>
<td>■ 8 Countries: UK, France, Netherlands, Italy, Spain, Switzerland, Russia &amp; USA</td>
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<td>■ 8 Year Period: 2007-2014</td>
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<tr>
<td>■ Max. Rates – Labour Income, Savings Income, Other Taxes</td>
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<td>■ Sources: Baker Mckenzie &amp; EU reports</td>
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<thead>
<tr>
<th>Main Questions</th>
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<tr>
<td>■ General top rates increase? Reductions?</td>
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<td>■ Labour Income Vs Savings Income Taxation?</td>
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<tr>
<td>■ Increasing Taxation Vs GDP?</td>
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<td>■ Geographic analysis</td>
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<td>■ Trends</td>
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Evolution - Labour Income Taxation (max. tax rate)
Evolution Savings Income (max. tax rate)
Comparison GDP vs Taxation

GDP Annual variation

Labour income
Savings Income
Savings - Div & Gains (large share)
Savings - Div & Gains (small share)
GDP Annual variation
Comparison GDP vs Taxation

Labour income
Savings - Gains (Ex SS)
GDP Annual variation

Labour income
Savings Income
GDP Annual Variation
Future – What's Next

Announced / Discussed Proposals

- Increase or decrease in taxes is largely dependent on the results of national elections in November rather than COVID-19 impact.

- Potential increase in national insurance contributions and/or alignment between employed and self-employed individuals?

- No specific measures.

- Unlikely to change at federal or cantonal levels.
# Future – What's Next

## Announced / Discussed Proposals

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Details</th>
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<tbody>
<tr>
<td>Increase + 4% maximum labour and savings rates</td>
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<tr>
<td>Wealth Tax &amp; Inheritance and Gift Tax Harmonisation</td>
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<tr>
<td>New tax on Large Fortunes / Wealth Tax +1% increase</td>
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<tr>
<td>Slight decrease lower labour tax rates (-0.25%). Top rate (-2.25% in 2020)</td>
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<tr>
<td>As of 2022, the actual ratio between a taxpayer's savings, investments and debt will be taxed</td>
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<tr>
<td>Initial proposal: -7% (income &gt; €75,000)</td>
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<tr>
<td>Under discussion: + 4% special surtax for top earners</td>
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<tr>
<td>Wealth Tax / Increasing Inheritance and Gift Tax: not on the table</td>
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<tr>
<td>Starting from January 1, 2021 a 15% rate would apply to income of residents in the excess of 5 Mln. rubles (or approx. $72,000) per year. This is a +2% increase; other tax increases</td>
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</table>
Tax residency, increases and mobility
Russia – Past – Evolution of Anti-Avoidance Rules

- **2002** Thin Cap Rules
- **2006** Regulation №53 On Unjustified Tax Benefits
- **2011** Thin Cap Rules after Northern Kuzbass Case
- **2012** New Transfer Pricing Rules
- **2015** CFC, Beneficial Ownership, Corporate Tax Residency
- **2017** New Thin Cap Rules
- **2018** CRS Automatic Exchange of Information
- **2019** Tax monitoring! MLI and Substance Disclosures
- **2020** WHT and revise of tax treaties Limiting pass-through

Timeline:

- 2006: Regulation №53 On Unjustified Tax Benefits
- 2012: New Transfer Pricing Rules
- 2019: Tax monitoring! MLI and Substance Disclosures
- 2020: WHT and revise of tax treaties Limiting pass-through
Russia – Present - 2020 Tax Changes due to COVID-19

Effect on tax residency and mobility

- Lockdown in April-May 2020, travel restrictions with exceptions, increased demand for CBI/RBI solutions
- PIT increase - 15% from 13% for high, lump sum CFC tax, 3% IP box, deposit and bond tax
- DTT renegotiations (CY/LU/MT), WHT increase – 15% from 5%/0%, limiting participation exemption
- Stranded persons: OECD approach; DTT tie-breaker rules; draft law proposed
Russia – Future – Most Popular DTT to be Revised

Impact on family-owned closely-held businesses

01. Cyprus DTT
   15% WHT on dividends and interest instead of 5% and 0%

02. Luxembourg DTT
   15% WHT on dividends and interest instead of 5% and 0%

03. Malta DTT
   Draft law on denouncement of the DTT with Malta
Lockdown commenced on 23 March and eased with effect from 1 June

From 8 June, those entering the UK required to quarantine for 14 days – "Air bridges" introduced

The Statutory Residence Test and "exceptional circumstances"

Brexit update and impact on UK tax and immigration
Tax residency and mobility

UK approach vs. France and Italy

**U.K.**
Days may be disregarded due to "exceptional circumstances"

**France**
Temporary stay due to "exceptional circumstances" (lockdown, travel ban) disregarded

**Italy**
No position taken, OECD approach is expected to be followed